

Fearnleys Weekly Report

Week 19 - May 06, 2020

Printer version

Tankers

Comments

VLCC

One sentence that could sum up 2020 is of course that at one point in recent years oil was trading at more than a barrel of crude oil. But another may be that owners became too focused on short-term gains, while Charterers were estimating the shipping market - whereas their counterpart suffered from the collapse. Both have stuck to what they are good at. As much as the owning community of tanker companies and traders alike can't seem to give it away quick enough on their own terms, else they practice what they preach when it comes to keeping rates under pressure. We appeared to have found a floor at W59 eastbound from both MEG and Korea during yesterday's session, only to find Exxon having lowered the bar further below the MEG/Korea run. Probably not a big enough drop to make Charterers continue to hold out, but it will nevertheless be the new benchmark to beat. Batten down the hatches.

Suezmax

Suezmaxes have, as the V's, taken a real beating this last week. Cargo-activity has been low, tonnage lists increasing in length. Owners caved in eventually. Another factor has been the market, there is always a relet available. This has put even more pressure on Owners. Oil activity have picked up on the back of this rate-drop though, and we could be optimistic. A big question is if it will be where will we go from the bottom? The cut in oil prices has put Owners in more trouble re-building this time, than it has had the last couple of months.

Aframax

In the last week we have seen rates in the Nsea and Baltic taken a severe hit and being perceived as bottom levels for now. We continue to see delays in ports and delivery window due to refineries slowing down their activities. A decent number of floating storage and with some increased activity, especially on the fuel side, we are into the 3rd decade of May fixing window.

Also in the Mediterranean and Black Sea market the rates have taken a hit this benchmark routes drop 80-90 points as activity has been slow and vessels have the time of writing the market has started to stabilize due to cargo activity picking up. Ships are being taken out one by one. There is now a number of cargoes in the water we expect a more balanced market in the week to come, and if fresh cargoes come in at the current rate we may see an upward correction in the next couple of days.

Rates**Dirty (Spot WS)**

MEG/WEST (280 000)	WS 35.0
MEG/Japan (280 000)	WS 55.0
MEG/Singapore (280 000)	WS 57.0
WAF/FEAST (260 000)	WS 59.0
WAF/USAC (130 000)	WS 87.5
Sidi Kerir/W Med (135 000)	WS 87.5
N. Afr/Euromed (80 000)	WS 130.0
UK/Cont (80 000)	WS 105.0
Caribs/USG (70 000)	WS 125.0

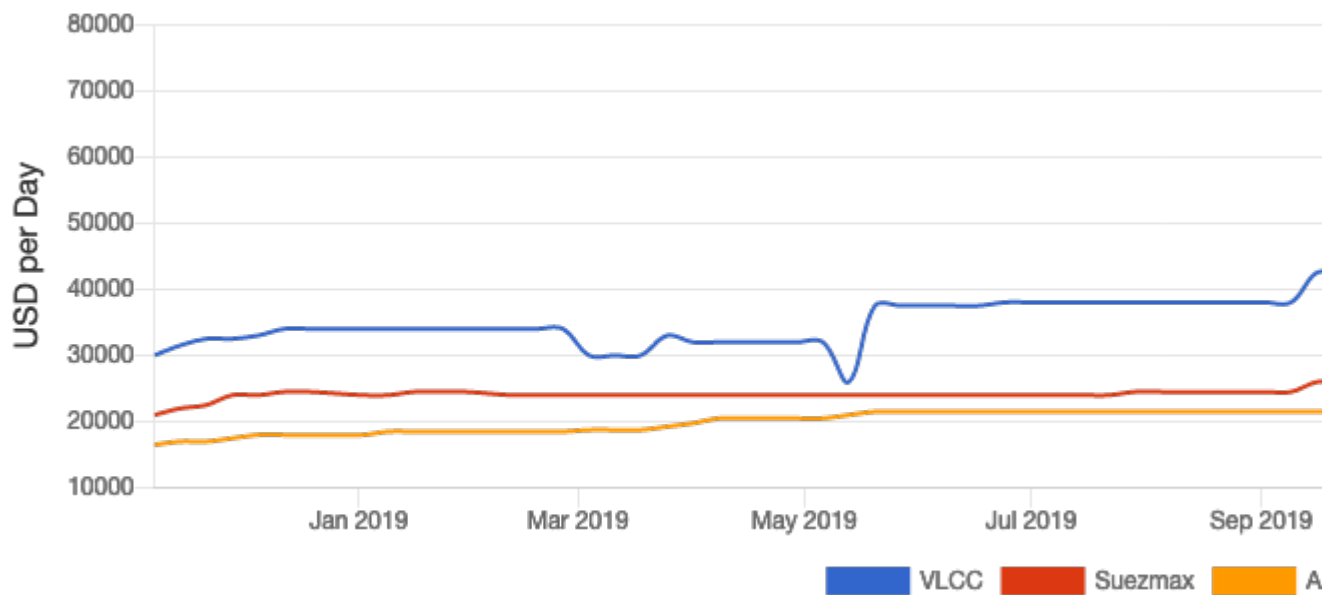
1 Year T/C (USD/Day)

VLCC (Modern)	\$80000.0
Suezmax (Modern)	\$42500.0
Aframax (Modern)	\$33500.0

VLCC

VLCCs fixed in all areas last week	52
VLCCs available in MEG next 30 days	129

1 Year T/C Crude



Dry Bulk

Comments

Capesize

Spot again nervous, negative and far below OPEX for the big ships, as underlying weak and in particular atlantic/fronthaul volumes nowhere near recovery. Value conference trade consequently chopped almost 40 pct, whilst worldwide average w-o-w, coming in at a poor usd 5300. The West Australia/China ore trade is steady pricing, but pacific nevertheless sees a 20 pct drop as coal trades slow, bunker holiday. Period activity limited as most owners resist committing tonnage too many exceptions being index-linked charters where for instance 2012-built 180000 dwt vessels at BCI AVE5TC + 4.5 pct. Market balance improvements expected going summer as miners slashing 25 vessels presently servicing long-term coal's.

Panamax

The softening trend from last week continued into this week. Although some light tonnage on Monday with coal from Sth Africa and Indonesia - it has not relieved the pressure on ECSA.

Rates keeps softening and ships are being reported fixed at around Usd 8,5k retro APS delivery. In the North Atlantic we also face fixtures at below last done, and order to delay positions for short durational business.

In the Pacific we also see rates tumbling with Aussie rounds being concluded at most Asian countries (except Japan) back after holidays mid week - it could lead forward.

Supramax

Poor week across all basins with holiday disruption in Europe and Asia. We see moderate activity in the Atlantic . We still see most basins with oversupply of tonnage. The effect of the Covid-19 pandemic continue with consequent negative effect on demand. However, we see more inquiry / interest for period candidates but the gap between Charterers seems too big to bridge. From the Atlantic via East Coast South Africa Ultramax fixed at \$11,500 plus \$150,000 ballast bonus, unchanged from last week. From the Pacific we see rates around \$6,000 paid for large Ultramax units. The east Mediterranean poor condition, with lack of fresh cargo and prompt tonnage building up. It was Canakkale via Black Sea to China at \$13,500. Sian marker saw a mix of different tonnage. 57,000dwt was fixed from Indonesia to China at \$6,500s, while 57,000dwt was fixing from Indian Ocean , PG and South Africa have slightly more activity and we see better weeks. Supramax delivery PG rumoured to be on subs \$7,000 to China. 63,000dwt

Bay trip to south east Asia at \$10,500 plus \$125,000 ballast bonus.

Rates
Capesize (USD/Day, USD/Tonne)

TCE Cont/Far East (180 DWT)	\$14,500
Australia – China	\$4.0
Pacific RV	\$5,367

Panamax (USD/Day, USD/Tonne)

Transatlantic RV	\$3,255
TCE Cont/Far East	\$12,591
TCE Far East/Cont	\$1,194
TCE Far East RV	\$5,883

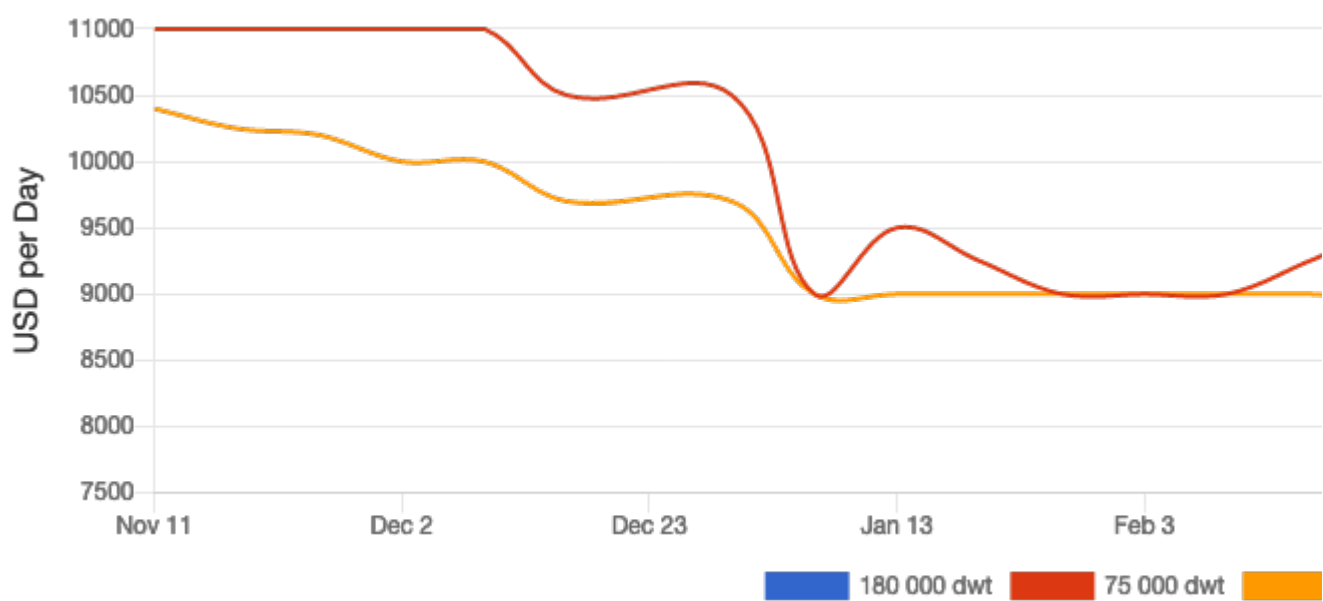
Supramax (USD/Day)

Atlantic RV	\$3,819
Pacific RV	\$4,900
TCE Cont/Far East	\$12,482

1 Year T/C (USD/Day)

Newcastlemax (208 000 dwt)	\$13,000
Capesize (180 000 dwt)	\$11,000
Kamsarmax (82 000 dwt)	\$9,500
Panamax (75 000 dwt)	\$8,500
Ultramax (64 000 dwt)	\$9,500
Supramax (58 000 dwt)	\$8,000
Baltic Dry Index (BDI)	\$534

1 Year T/C Dry Bulk



Gas

Chartering**EAST:**

This week has gotten off to a quiet start with several Asian countries on public major fixing a ship for last decade May loading in the MEG at baltic float. And 1 freight tender being worked into India. But there are still far more open ships c cargos for May and hence the sentiment for current fixing window is weak. So likely slide into June program where we are still waiting for the majority of the

WEST:

Bearish sentiment continued West of Suez this week, with the threat of cancell netbacks never far from players' minds. While it's unanimously agreed that frei Houston/Chiba rates seen not long ago, limited liquidity has made it difficult to should price tonnage. East and West have nearly been at parity for some time, immediately obvious which direction the fleet will sail. These uncertainties may done on a floating basis.

Earnings have remained strong in spite of weaker rates, but it seems as though pressure as bunkers have ticked up with stronger crude in the last few days. Lc looks reasonably long, with a combination of Owner-controlled vessels and a h likely to be competitively priced. Although these two things together should p important to remember that a record number of liftings in the last couple of m voyages may prevent freight from falling too quickly in the short term.

LPG Rates**Spot Market (USD/Month)**

VLGC (84 000 cbm)	\$1,500,000
LGC (60 000 cbm)	\$1,050,000
MGC (38 000 cbm)	\$875,000
HDY SR (20-22 000 cbm)	\$630,000

HDY ETH (17-22 000 cbm)	\$700,000
ETH (8-12 000 cbm)	\$430,000
SR (6 500 cbm)	\$340,000
COASTER Asia	\$235,000
COASTER Europe	\$190,000

LPG/FOB Prices - Propane (USD/Tonne)

FOB North Sea/ANSI	\$200
Saudi Arabia/CP	\$340
MT Belvieu (US Gulf)	\$193
Sonatrach/Bethioua	\$210

LPG/FOB Prices - Butane (USD/Tonne)

FOB North Sea/ANSI	\$136
Saudi Arabia/CP	\$340
MT Belvieu (US Gulf)	\$149
Sonatrach/Bethioua	\$195

LNG Rates

Spot Market (USD/Day)

East of Suez 155-165 000 cbm	\$32,000
West of Suez 155-165 000 cbm	\$35,000
1 Year T/C 155-160 000 cbm	\$44,000

Newbuilding

Activity Levels

Tankers	Slow
Dry Bulkers	Slow
Others	Slow

Prices

VLCC	\$91.0
Suezmax	\$61.0
Aframax	\$49.5
Product	\$36.0
Newcastlemax	\$51.0
Kamsarmax	\$28.0

Ultramax	\$26.0
LNGC (MEGI) (cbm)	\$188.5

Sale & Purchase

Prices

Dry (5 yr)

Capesize	\$36.0
Kamsarmax	\$22.0
Ultramax	\$20.0

Dry (10 yr)

Capesize	\$21.0
Kamsarmax	\$15.5
Ultramax	\$12.0

Wet (5 yr)

VLCC	\$77.0
Suezmax	\$53.0
Aframax / LR2	\$41.0
MR	\$29.0

Wet (10 yr)

VLCC	\$51.5
Suezmax	\$37.0
Aframax / LR2	\$29.5
MR	\$18.0

Market Brief

Exchange Rates

USD/JPY	106.61
USD/KRW	1229.15
USD/NOK	10.27
EUR/USD	1.08

Interest Rates

LIBOR USD (6 months)	0.70%
NIBOR NOK (6 months)	0.51%

Commodity Prices

Brent Spot	\$31.00
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Bunkers Prices

Singapore 380 CST	\$170.0
Singapore Gasoil	\$250.0

Rotterdam 380 CST	\$149.0
Rotterdam Gasoil	\$233.5



All rates published in this report do not necessarily reflect actual transaction estimates may be based on prevailing market conditions. In some circumstances based on theoretical assumptions of premium or discount for particular volumes.

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